



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
INSTALLATIONS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110
March 1, 2004

The Honorable Joel Hefley
Chairman
Subcommittee on Readiness
Committee on Armed Services
United States House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

Pursuant to 10 USC 2853, enclosed is a report on cost variation for the Power Plant Cooling Tower, Fort Wainwright, Alaska. The sources of funds are provided in the enclosure. A similar letter is being sent to the Chairman and Ranking Member of the Subcommittee on Military Installations and Facilities, Senate Committee on Armed Services.

Sincerely,

A handwritten signature in black ink, reading "Joseph W. Whitaker", is positioned above the printed name.

Joseph W. Whitaker
Deputy Assistant Secretary of the Army
(Installations and Housing)
OASA(I&E)

Enclosure

cc: The Honorable Solomon P. Ortiz
Ranking Member



Bid Expiration Date: Not Applicable

Cost Variation Report

As Required by 10 USC 2853

Location/Project Complete	Fiscal Year	Amount Appropriated	Amount Authorized	Current Estimate	Change Percent	Construction Percent
Fort Wainwright, Alaska/ Power Plant Cooling Tower	2002	\$23,000,000	\$23,000,000	\$29,200,000	21.2	0

Description:

Provide an air-cooled condenser to eliminate fog generation from the existing Central Heat and Power Plant (CHPP). This system replaces the existing 500,000 square foot cooling pond and water-cooled condensers.

Justification:

This project was initially advertised in March 2002 as a two-step design-build solicitation. The Army suspended solicitation on the cooling tower project to evaluate the viability of the existing heat plant versus building new. The determination was made to renovate both the heat and power plants, with no impact to the supporting cooling tower project. Therefore, the solicitation was resumed in May 2003 with the previous short list of offerors participating. Despite Value Engineering efforts, award could not be made within the Army's authority. The design cost and materials for this complex project significantly exceeded the programmed cost. Inflation, resulting from the suspension of the solicitation, was another cost escalation factor. Though the design-build project must be solicited again, the new estimated cost, based on bids received in the first solicitation, is expected to be sufficient for award of the project.

Source of Funds:

Bid savings from the following projects will fund the increased cost:

Location/ Project	Fiscal Year	Amount Appropriated (\$000)	Amount Authorized (\$000)	Current Estimate (\$000)	Proposed Reprogramming (\$000)
Fort Wainwright Platoon Battle Course	2003	24,000	24,000	18,367	3,100
Fort Wainwright Battalion Headquarters	2003	18,000	18,000	11,914	3,100